

Message Text

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71

ACTION ARA-20

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03

CIEP-02 LAB-06 SIL-01 OMB-01 NSC-10 SS-15 STR-08

CEA-02 EUR-25 DRC-01 /158 W
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R 102012Z OCT 73

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC 1198

INFO AMEMBASSY BUENOS AIRES

AMEMBASSY LIMA

LIMITED OFFICIAL USE LA PAZ 6182

E.O. 11652: N/A

TAGS: EFIN BL

SUBJ: BANK OF BOSTON; FIRST NATIONAL BANK OF CHICAGO

1. FRANK ALDRICH AND JEFFREY MOREBY, BANK OF BOSTON OFFICIALS, CALLED ON THE AMBASSADOR OCTOBER 5 TO DISCUSS THEIR CURRENT THINKING ABOUT ESTABLISHING A BRANCH IN LA PAZ. THEY INDICATED THAT THEY FELT UNABLE TO EXPAND OPERATIONS IN ARGENTINA OR TO LOCATE ELSEWHERE IN THE HEMISPHERE OTHER THAN IN THE ANDEAN COMMON MARKET. THEY REPORTED THAT THEY WERE ENCOURAGED BY WHAT THEY HAD FOUND DURING THEIR STAY IN BOLIVIA INCLUDING RELATIVELY GOOD PROSPECTS FOR FUTURE DEVELOPMENT AND A WELCOME ATTITUDE TOWARD THEIR PROPOSED ESTABLISHMENT OF A BRANCH BANK, A FINANCE COMPANY, AND AN EXPORT ACTIVITY. THEY SAID THAT THEY HAD HAD VERY FAVORABLE AND FRIENDLY CONVERSATIONS WITH CENTRAL BANK AND FINANCE MINISTRY OFFICIALS. THEY EXPRESSED SOME CONCERN THAT DECISION 24 BY ANDEAN PACT COUNTRIES CAST A CLOUD ON ESTABLISHING OPERATIONS IN LA PAZ UNLESS BOLIVIA WOULD OBTAIN AN APPROPRIATE WAIVER. THEY SAID THAT WERE ENCOURAGING THE BOLIVIAN AUTHORITIES TO MOVE IN THAT DIRECTION.

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2. THE BOSTON BANK OFFICERS SAID THAT THEY WERE

DISCUSSING "IN AN UNRELATED MANNER" THE POSSIBILITY OF
HEADING A SYNDICATE TO PUT TOGETHER A \$30 MILLION LOAN IN THE
EURODOLLAR MARKET. THEY OBSERVED THAT THE CONDITIONS
WOULD OF COURSE BE CURRENT COMMERCIAL ONES AND WERE
APPREHENSIVE THAT THESE WOULD NOT MEET WITH THE IMF'S APPROVAL
UNDER THE CURRENT STANDBY WITH BOLIVIA. THEY INDICATED
THAT THEY WOULD BE TAKING UP THIS MATTER WITH THE IMF
IN WASHINGTON AT A LATER DATE AND MIGHT ALSO CALL ON THE
APPROPRIATE DEPUTY ASSISTANT SECRETARY IN ARA FOR ASSISTANCE
IF NEEDED TO CONVINCE THE IMF THAT THE TRANS-
ACTION WAS SUITABLE FOR BOLIVIA.

3. THE VISITING BANKERS ASKED THAT WE NOT DISCUSS THEIR
PROPOSALS OUTSIDE OF THE EMBASSY BECAUSE THEY FELT THAT
PRIVATE BOLIVIAN BANKERS MIGHT INTERPOSE OBJECTIONS
TO THEIR ESTABLISHING A BANK AND RELATED INSTITUTIONS HERE.
IN SPITE OF THIS REQUEST, THEY ATTENDED A RELATIVELY WELL
PUBLICIZED RECEPTION THE EVENING OF OCTOBER 5 TO WHICH MANY
MEMBERS OF THE BOLIVIAN PRIVATE SECTOR WERE INVITED, WITH
RESULTANT NEWS COVERAGE IN THE LOCAL PRESS THE FOLLOWING DAY.

4. FIRST NATIONAL BANK OF CHICAGO REPRESENTATIVE FROM SAO
PAULO ALSO CALLED ON EMBOFFS IN SIMILAR INQUIRY ABOUT POSSIBILITY
OPENING BRANCH IN LA PAZ. HE ALSO CONCERNED ABOUT VAGUE STATUS
DECISION 24IN BOLIVIA RE FOREIGN BANKING AND SOMEWHAT DEFLATED
BY CENTRAL BANK MANAGER VIZCARRA'S OPINION THAT ADDITIONAL
FOREIGN BANKS WOULD NOT BE WELCOMED.
STEDMAN

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